

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA NIACT IMMEDIATE

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E.O. 11652: N/A

TAGS: CG, ECON

SUBJECT: CIS

1. FOLLOWING IS TEXT OF CABLE TO BE DELIVERED TO SNEL
FEB. 25 BY LEVIHN. "WE REFER TO ARTICLE 15 OF ADDENDUM
NO. 1 DATED OCTOBER 23, 1973 TO THE AGREEMENT OF 9 FEB.
1973 BETWEEN SNEL AND CONSORTIUM CONSTRUCTORS INGA SHABA.
UNDER THE PROVISIONS OF THIS ARTICLE SNEL IS TO MAKE
AVAILABLE FUNDS FOR THE CONSTRUCTION OF THE INGA SHABA
TRANSMISSION LINE AND CONSORTIUM AT NO TIME WILL BE
REQUIRED TO FINANCE EXPENDITURE WITH ITS OWN FUNDS. SINCE
THE PERMANENT FINANCING WAS ARRANGED IN FEBRUARY 1974, THE
ARRANGEMENT FOR THE REIMBURSEMENT OF ZAIRE IN U.S. DOLLAR
EXPENDITURES INCURRED BY THE CONSORTIUM HAS PROCEEDED
WITHOUT INTERRUPTION TO OUR MUTUAL SATISFACTION AND THE
PROGRESS OF CONSTRUCTION REFLECTS THIS SITUATION.

ON FEBRUARY 4, 1975 SNEL APPROVED A REIMBURSEMENT TO THE
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CONSORTIUM OF 1 MILLION 532 THOUSAND 076.96 DOLLARS AND

SNEL PRESENTED DOCUMENTS TO THE FIRST NATIONAL CITY BANK KINSHASA WHICH WOULD ENABLE FIRST NATIONAL CITY BANK NATIONAL CITY BANK KINSHASA FOR CREDIT TO THE ACCOUNT OF CONSORTIUM CONSTRUCTORS INGA SHABA. TO THIS DATE WE HAVE NOT RECEIVED CREDIT TO OUR ACCOUNT FOR THIS TRANSACTION. AS A CONSEQUENCE THE CONSORTIUM HAS EXHAUSTED BY EXPENDITURE ALL OF THE ZAIRE FUNDS AVAILABLE FROM THE ZAIRE TRUST FUND AND FROM PRIOR REIMBURSEMENT MADE BY SNEL. WE DO NOT HAVE THE FUNDS AVAILABLE TO PAY OUR EMPLOYEES AT THE END OF FEBRUARY NOR TO PAY FOR PETROLEUM PRODUCTS AND OTHER MATERIALS WHICH HAVE BEEN DELIVERED TO US BY SUPPLIERS IN ZAIRE. SUCH A SITUATION CAN ONLY HAVE GRAVE CONSEQUENCE FOR THE CONTINUED SUCCESSFUL CONSTRUCTION OF THE INGA SHABA TRANSMISSION LINE. THE CONSORTIUM CAN NOT CONTINUE TO INCUR OBLIGATIONS WITHIN ZAIRE IF THE REIMBURSEMENT OF PRIOR EXPENDITURES IS NOT PROMPTLY MADE.

WE REGRET TO INFORM YOU THAT WE HAVE TOLD OUR RESIDENT MANAGER, PAUL, LEVIHN, THAT UNLESS WE RECEIVE IMMEDIATE PAYMENT OF THE ABOVE MENTIONED DOLLARS 1 MILLION 532 THOUSAND 076.96 AND ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT ADEQUATE FUNDS WILL BE AVAILABLE TO CONTINUE CONSTRUCTION OPERATION, HE IS TO REDUCE ALL EXPENDITURES TO A MINIMUM BY TEMPORARILY SUSPENDING ALL PROJECT WORK EXCEPT THOSE OPERATIONS NECESSARY TO MAINTAIN ESSENTIAL SECURITY AND SERVICES. WE REGRET HAVING TO INVOKE SUSPENSION BUT UNDER ARTICLE 15 OF ADDENDUM NO. 1 IT IS YOUR OBLIGATION TO PROVIDE FUNDS IN A TIMELY MANNER. WE URGE YOU TO TAKE STEPS TO PROVIDE SUCH FUNDS AS A SUSPENSION OF CONSTRUCTION WORK WILL DELAY COMPLETION OF THE TRANSMISSION LINE AND WE WILL LOSE THE MOMENTUM THAT HAS DEVELOPED IN OUR CONSTRUCTION OPERATION AND WE WILL BE FACED WITH ADDITIONAL EXPENSE WHEN WE RESUME THIS IMPORTANT PROJECT FOR THE DEVELOPMENT OF THE REPUBLIC OF ZAIRE. THE WORK MUST NOT BE ALLOWED TO FALTER AND I ASK YOUR PERSONAL INTERVENTION TO ENSURE THAT THE REQUIRED PAYMENTS ARE MADE. SNEL AND CONSORTIUM INGA SHABA ARE PARTNERS IN SEEING THAT THIS PROJECT REACHES A SUCCESSFUL CONCLUSION AND AT THIS STAGE WE URGENTLY REQUIRE LIMITED OFFICIAL USE

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YOUR HELP. SIGNED MR. L. NEAL SPENCER, PRESIDENT AND MANAGING DIRECTOR OF MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC., MANAGING PARTNERS INGA SHABA. UNQUOTE

2. COMMENT SEPTEL.

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